GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:684
ANSWERED ON:09.05.2003
ECONOMIC COST OF WHEAT/RICE TO FCI
NAWAL KISHORE RAI;RAMJI LAL SUMAN

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have made any assessment in regard to economic cost of wheat and rice with the Food Corporation of India during 2002-2003;

(b) if so, the details thereof;

(c) the heads of expenditure which are taken into account while working out the economic cost; and

(d) the percentage of increase registered in annual expenditure incurred under each head during the last three years, till date?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD YADAV)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF STARRED QUESTION NO.684 DUE FOR ANSWER ON 09-05-2003 IN THE LOK SABHA.

(a): The economic cost of wheat and rice of the Food Corporation of India for 2002-03 (RE) is as under:-

Wheat Rs. 891.73 per qtl.
Rice Rs. 1223.17 per qtl.

(b)&(c): The details of the economic cost under different heads of expenditure of wheat and rice are given at Annexure-I.

(d): Details of the percentage variation registered in annual expenditure (Rate per qtl.)incurred in the last three years are given at Annexure-II(a) and II(b).

ANNEXURE - I

ANNEXURE REFERRED TO IN REPLY TO PARTS (b)&(c) OF STARRED QUESTION NO. 684 DUE FOR ANSWER ON 0
2003 IN THE LOK SABHA.

DETAILS OF ECONOMIC COST FOR 2002-03 (RE)

	Wheat Rate Rs. Qtl.	Rice Rate Rs. Qtl.
1Pooled cost of Grain	596.30	994.77
2Procurement Incidentals		
AStatutory /Obligatory cost		
i)Mandi charges	38.45	6.51
ii)Purchase Tax	24.77	8.33
iii)Gunny Cost	39.52	50.19
Total	102.74	65.03
BLabour & Transport charges	23.75	12.15
CStorage & Interest charges paid to State Agencies		
i)Storage Charges	2.30	0.08
ii)Interest	9.51	0.25
iii)Previous year Arrears	3.73	7.05
Total	15.54	7.38
DAdmn. charges to State /Agencies	15.50	3.09
EOthers (Guarantee Fee etc.)	0.74	N.A.
Total Proc. Incidentals	158.27	87.65

3Acquisition cost	754.57	1082.42
4Distribution cost		
i)Freight	42.40	23.68
ii)Handling charges	25.96	25.96
iii)Storage Charges	16.84	16.84
iv)Interest	36.10	51.75
v)Shortages	2.06	8.72
vi)Admn. Overhead of FCI	13.80	13.80
Total Distribution cost	137.16	140.75
5Economic cost	891.73	1223.17

ANNEXURE - II (a)

ANNEXURE REFERRED TO IN REPLY TO PARTS (d) OF STARRED QUESTION NO. 684 DUE FOR ANSWER ON 09-05-2003 IN THE LOK SABHA.

THE PERCENTAGE OF INCREASE REGISTERED IN ANNUAL EXPENDITURE (RATE PER QTL.) UNDER EACH HEAD DURING LAST THREE YEARS

WHEAT

	1999-2000 Rate Rs.Qtl.	2000-01 % of increase/ decrease (Prov.) over last year	2001-02 % of increase/ decrease (RE) over last year	2002-03 % of increase/ decrease over last year
1Pooled cost of Grain	518.08	542.41 4.70	578.29 6.61	596.30 3.11
2Procurement Incidentals				
AStatutory/Obligatory cost				
i)Mandi charges	29.76	33.41 12.26	34.13 2.16	38.45 12.66
ii)Purchase Tax	19.42	21.04 8.34	23.65 12.40	24.77 4.74
iii)Gunny Cost	29.70	34.06 14.68	36.36 6.75	39.52 8.69
Total	78.88	88.51 12.21	94.14 6.36	102.74 9.14
B Labour & Transport charges	16.16	17.64 9.16	21.44 21.54	23.75 10.77
C Storage & Interest charges paid to State Agencies				
i)Storage Charges	1.80	2.10 16.67	1.76 -16.19	2.30 30.68
ii)Interest	9.21	6.89 -25.19	7.59 10.16	9.51 25.30
iii)Previous year Arrears	0.14	1.18 742.85	2.56 116.97	3.73 45.70
Total	11.15	10.17 -8.79	11.91 17.11	15.54 30.48
D Admn. charges to State/ Agencies	9.92	11.14 12.29	15.25 36.89	15.50 1.64
E Others (Octroi, Gunny trans., Guarantee Fee etc.)	0.95	0.74 -22.11	10.40 1305.41	0.74 -92.88
Total Proc. Incidentals	117.06	128.20 9.52	153.14 19.45	158.27 3.35
F. Carryover charges to State Govts.	50.37	46.72 -7.25		
3Acquisition cost	685.51	717.33 4.64	731.43 1.97	754.57 3.16
4 Distribution cost				
i)Freight	92.66	59.25 -36.06	39.02 -34.14	42.40 8.66
ii)Handling charges	28.52	27.27 -4.38	24.00 -11.99	25.96 8.17
iii)Storage Charges	15.01	12.66 -15.66	14.29 12.88	16.84 17.84
iv)Interest	41.14	46.68 13.47	33.00 -29.31	36.10 9.39
v)Shortages	8.40	3.64 -56.67	2.39 -34.34	2.06 -13.81
vi)Admn. Overhead to FCI	16.27	16.65 2.34	15.07 -9.49	13.80 -8.43
Total Distribution cost	202.00	166.15 -17.75	127.77 -23.10	137.16 7.35
5 Economic cost	887.51	883.48 -0.45	859.20 -2.75	891.73 3.79

Carryover charges have been included in buffer carrying cost as per recommendations of the Expenditure Reforms Commission from 2001-02.

ANNEXURE - II (b)

ANNEXURE REFERRED TO IN REPLY TO PARTS (d) OF STARRED QUESTION NO. 684 DUE FOR ANSWER ON 09-05-2003 IN THE LOK SABHA.

THE PERCENTAGE OF INCREA ` SE REGISTERED IN ANNUAL EXPENDITURE (RATE PER QTL.)UNDER EACH HEAD DURING LAST THREE YEARS

RICE

	1999-2000 Rate Rs.Qtl.	2000-01 % of increase/ decrease over last year	2001-02 (Prov.)	% of increase/ decrease (RE) over last year	2002-03	% of increase/ decrease over last year
1Pooled cost of Grain	831.24	877.27	5.54	987.66	12.58	994.77	0.72
2Procurement Incidentals							
A Statutory /Obligatory cost							
i)Mandi charges	5.50	6.22	13.09	5.43	-12.70	6.51	19.89
ii)Purchase Tax	7.09	7.90	11.42	7.47	-5.44	8.33	11.51
iii)Gunny Cost	30.42	36.05	18.51	45.01	24.85	50.19	11.51
Total	43.01	50.17	16.65	57.91	15.43	65.03	12.29
B Labour & Transport charges	8.81	10.13	14.98	10.49	3.55	12.15	15.82
C.Storage & Interest charges paid to Sate Agencies							
i)Storage charges	0.07	0.08		0.08	0.00		
ii)Interest	0.20	0.10	-50.00	0.22	120.00	0.25	13.64
iii)Previous year arrears	1.55	6.67	330.32	11.35	70.16	7.05	-37.89
Total	1.82	6.77	271.98	11.65	72.08	7.38	-36.65
D Admn. charges to State /Agencies	2.42	2.79	15.29	3.21	3.09	3.09	-3.74
E Others (Guarantee Fee etc.)	Not Applicable						
Total Proc. Incidentals	56.06	69.86	24.62	83.26	19.18	87.65	5.27
F.Carryover charges to State Govts.	Not Applicable						
3 Acquisition cost	887.30	947.13	6.74	1070.92	13.07	1082.42	1.07
4 Distribution cost							
i)Freight	58.32	59.82	2.57	16.36	-72.65	23.68	44.74
ii)Handling charges	28.52	27.27	-4.38	24.00	-11.99	25.96	8.17
iii)Storage Charges	15.01	12.66	-15.66	14.29	12.88	16.84	17.84
iv)Interest	53.12	61.74	16.23	48.33	-21.72	51.75	7.08
v)Shortages	16.26	11.80	-27.43	6.58	-44.24	8.72	32.52
vi)Admn. Overhead of FCI	16.27	16.65	2.34	15.07	-9.49	13.80	-8.43
Total Distribution cost	187.50	189.94	1.30	124.63	-34.38	140.75	12.93
5 Economic cost	1074.80	1137.07	5.79	1195.55	5.14	1223.17	2.31